

CHAPTER 20**(SB 86)**

AN ACT relating to capital projects.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 7A.010 is amended to read as follows:

As used in this chapter, unless the context otherwise requires:

- (1) "Capital project" means:
 - (a) Any undertaking which is to be financed or funded through an appropriation by the General Assembly of general fund, road fund, bond fund, trust and agency fund, or federal fund moneys, where the expenditure is a capital expenditure pursuant to statute or under standards prescribed by the Legislative Research Commission under the authority of KRS Chapter 48;
 - (b) Any undertaking which is to be financed by a capital expenditure for use by the state government or one of its departments or agencies, as defined in KRS 12.010 or enumerated in KRS 12.020, including projects related to the construction or maintenance of roads, and including projects of institutions of higher education as defined in KRS 164A.550(2);
 - (c) Any capital construction item, or any combination of capital construction items necessary to make a building or utility installation complete, estimated to cost:
 1. *Except for items of movable equipment,* ~~1a. In the case of institutions of higher education,~~ one million dollars (\$1,000,000) or more, regardless of the source of funds; ~~and~~
 - ~~1b. In the case of all other entities, six hundred thousand dollars (\$600,000) or more regardless of the source of funds;~~ or
 2. Any item of movable equipment, estimated to cost two hundred thousand dollars (\$200,000) or more, regardless of the source of funds;
 - (d) Any lease of real property whose value is two hundred thousand dollars (\$200,000) or more;
 - (e) Any lease of an item of movable equipment if the total cost of the lease, lease-purchase, or lease with an option to purchase is two hundred thousand dollars (\$200,000) or more; or
 - (f) Any new acquisition, upgrade, or replacement of an information technology system estimated to cost ~~1. In the case of institutions of higher education,~~ one million dollars (\$1,000,000) or more; ~~and~~ ~~2. In the case of all other entities, six hundred thousand dollars (\$600,000) or more;~~
- (2) "Board" means the Capital Planning Advisory Board of the Kentucky General Assembly created by KRS 7A.110;
- (3) "Plan" means the state capital improvement plan provided for by KRS 7A.120;
- (4) "State agency" means any department, commission, council, board, bureau, committee, institution, legislative body, agency, government corporation, or other entity of the executive, judicial, or legislative branch of the state government; and
- (5) "Information technology system" means any related computer or telecommunications components that provide a functional system for a specific business purpose and contain one (1) or more of the following:
 - (a) Hardware;
 - (b) Software, including application software, systems management software, utility software, or communications software;
 - (c) Professional services for requirements analysis, system integration, installation, implementation, or data conversion services; or
 - (d) Digital data products, including acquisition and quality control.

➔ Section 2. KRS 45.750 is amended to read as follows:

(1) As used in KRS 45.760 to 45.810:

- (a) "Committee" means the Capital Projects and Bond Oversight Committee;
- (b) "Capital construction item" means:
 - 1. The construction, reconstruction, acquisition, and structural maintenance of buildings;
 - 2. The installation of utility services, including roads and sewers;
 - 3. The acquisition or improvement of real property;
 - 4. The purchase and installation initially or during major renovation of equipment, facilities, and furnishings of a permanent nature for buildings; or
 - 5. The acquisition of any building to be occupied by any:
 - a. Subdivision of state government as defined in KRS 12.010 or enumerated in KRS 12.020;
 - b. Municipal corporation which exercises its authority on a statewide basis including, but not limited to, the Kentucky Employees Retirement System, Teachers' Retirement System of the State of Kentucky, Kentucky Higher Education Student Loan Corporation, Kentucky Lottery Corporation, Kentucky Housing Corporation, or any entity with a governing body whose membership is substantially similar to the membership of the governing body of a municipal corporation which exercises its authority on a statewide basis; and
 - c. Institution of higher education;
- (c) "Lease" means any lease, lease-purchase, or lease with an option to purchase of any real property space occupied by:
 - 1. Any entity listed in paragraph (b)5. of this subsection;
 - 2. The legislative branch; or
 - 3. The judicial branch when leased from a private sector landlord;
- (d) "Equipment" means:
 - 1. Any major item of equipment, including aircraft;
 - 2. Any movable furnishing, appurtenance, or other equipment, necessary to make a building operable; and
 - 3. Equipment purchased or otherwise acquired, or equipment to be purchased or otherwise to be acquired, under a lease or lease-purchase contract or agreement or an arrangement equivalent to a lease or lease-purchase contract or agreement;
- (e) "Information technology system" means any related computer or telecommunications components that provide a functional system for a specific business purpose and contain one (1) or more of the following:
 - 1. Hardware;
 - 2. Software, including application software, systems management software, utility software, or communications software;
 - 3. Professional services for requirements analysis, system integration, installation, implementation, or data conversion services; or
 - 4. Digital data products, including acquisition and quality control;
- (f) "Capital projects" means, regardless of the source of cash or other consideration:
 - 1. Any capital construction item, or any combination of capital construction items necessary to make a building or utility installation complete, estimated to cost:
 - a. ~~In the case of institutions of higher education,~~ one million dollars (\$1,000,000) or more in cash or other consideration; ~~and~~

- ~~b. In the case of all other entities, six hundred thousand dollars (\$600,000) or more in cash or other consideration;}~~
 - 2. Any lease of real property space with an annual rental cost exceeding two hundred thousand dollars (\$200,000);
 - 3. The use allowance paid by the judicial branch for a real property space pursuant to KRS 26A.090(2) and 26A.115 when the use allowance for the space exceeds two hundred thousand dollars (\$200,000) on an annual basis;
 - 4. Any item of equipment estimated to cost two hundred thousand dollars (\$200,000) or more in cash or other consideration;
 - 5. Any lease of an item of movable equipment if the annual cost of the lease is two hundred thousand dollars (\$200,000) or more or if the total cost of the lease-purchase or lease with an option to purchase is two hundred thousand dollars (\$200,000) or more; and
 - 6. Any new acquisition, upgrade, or replacement of an information technology system estimated to cost:
 - ~~a. In the case of institutions of higher education,} one million dollars (\$1,000,000) or more in cash or other consideration;{ and~~
 - ~~b. In the case of all other entities, six hundred thousand dollars (\$600,000) or more in cash or other consideration;}~~
 - (g) "Emergency repair, maintenance, or replacement project" means the maintenance, repair, or reconstruction of a capital construction project or the maintenance, repair, or replacement of a major item of equipment that is:
 - 1. Necessitated by injury or damage resulting from a disaster;
 - 2. Necessary to maintain government operations or to prevent or minimize injury or damage that could reasonably be expected to result from an impending disaster; or
 - 3. Necessitated by an unforeseen mechanical breakdown, electrical breakdown, or structural defect that must be corrected to make a facility or item of equipment usable;
 - (h) "Disaster" means a fire, flood, tornado, other natural disaster, riot, enemy attack, sabotage, explosion, power failure, energy shortage, transportation emergency, or other man-caused disaster;
 - (i) "Capital construction funds" means any funds used for capital construction, including, but not limited to, appropriated capital construction funds, agency funds, federal funds, private funds, or funds from any source held by an agency for management or investment purposes; and
 - (j) "Entity head" means the Chief Justice of the Supreme Court, the President of the Senate and the Speaker of the House of Representatives, the secretary of the Finance and Administration Cabinet, the president of any university which complies with KRS 164A.585, 164A.595, and 164A.600, the board of trustees of the Kentucky Employees Retirement System, the board of trustees of the Teachers' Retirement System of the State of Kentucky, the board of directors of the Kentucky Higher Education Student Loan Corporation, the board of directors of the Kentucky Lottery Corporation, or the board of directors of the Kentucky Housing Corporation.
- (2) Except as provided in subsection (3) of this section, KRS 45.760 to 45.810 shall apply to capital projects and bonds for use by:
- (a) The state government;
 - (b) One of its departments or agencies, as defined in KRS 12.010 or enumerated in KRS 12.020;
 - (c) A municipal corporation which exercises its authority on a statewide basis, including but not limited to the Kentucky Employees Retirement System, Teachers' Retirement System of the State of Kentucky, Kentucky Higher Education Student Loan Corporation, Kentucky Lottery Corporation, and Kentucky Housing Corporation; and
 - (d) Institutions of higher education.
- (3) KRS 45.760 to 45.810 shall not apply to:

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- (a) Capital projects or bonds used directly in or for the construction or maintenance of roads, including but not limited to bulldozers, graders, earth movers, and real estate purchased for rights-of-way; and
- (b) Political subdivisions, except for those defined in KRS 12.010, enumerated in KRS 12.020, or created as a municipal corporation which exercises its authority on a statewide basis including, but not limited to, the Kentucky Employees Retirement System, Teachers' Retirement System of the State of Kentucky, Kentucky Higher Education Student Loan Corporation, Kentucky Lottery Corporation, Kentucky Housing Corporation, or any entity with a governing body whose membership is substantially similar to the membership of the governing body of a municipal corporation which exercises its authority on a statewide basis. However, the provisions of KRS 45.750 to 45.810 shall not apply to acquisition or maintenance of any building or land which is purchased as a legal investment by any of the state retirement systems, which is not to be occupied by the retirement system, and which is financed solely with those assets of the retirement system used for investment purposes.

Signed by Governor March 23, 2018.